

Message Text

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ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-15 USIA-15 ACDA-19 IO-15 EB-11 COME-00 SCEM-02

INT-08 DRC-01 /163 W

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R 261518Z SEP 73

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 2423

INFO USINT CAIRO

USINT BAGHDAD

AMEMBASSY TEHRAN

C O N F I D E N T I A L MOSCOW 11742

E.O. 11652: GDS

TAGS: ENRG ETRD UR IZ

SUBJECT: POSSIBLE SOVIET BARTER DEAL FOR IRAQI OIL

1. BRIEF SOVIET PRESS ANNOUNCEMENT REPORTED CONCLUSION IN MOSCOW SEPT 22 OF FOURTH MEETING OF PERMANENT SOVIET-IRAQI COMMISSION FOR ECONOMIC COOPERATION. ALTHOUGH NO DETAILS OF MEETING HAVE YET REACHED US KNOWLEDGEABLE US OIL COMPANY EXECUTIVE HAS TOLD US OF ENCOUNTER IN HOTEL DINING ROOM WITH GROUP OF IRAQIS IN MOSCOW FOR MEETING. IRAQIS EXCITED AND ENTHUSIASTIC OVER HUGE BARTER DEAL (FIGURE OF HUNDREDS OF MILLIONS OF DOLLARS WAS MENTIONED) FOR PURCHASE OF THEIR OIL WHICH THZ SAID THEY HAD JUST CONCLUDED WITH SOVIETS. GROUP BECAME IMMEDIATELY SILENT WHEN SENIOR MEMBER OF THEIR PARTY JOINED THEM.

2. COMMENT: EMBASSY UNABLE TO EVALUATE THIS INFORMATION FURTHER ALTHOUGH WE NOTE THAT IT WOULD BE LOGICAL FOR SOVIETS TO CONCLUDE SUCH AN AGREEMENT IN VIEW OF RISING SOVIET POL CONSUMPTION AND REPORTED SERIOUS SHORTFALL IN CRUDE OIL PRODUCTION THIS YEAR. FURTHERMORE THERE HAVE, CONFIDENTIAL

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OVER PAST SEVERAL MONTHS, BEEN INCREASING INDICATIONS THAT

SOVIETS WOULD LIKE TO BE RELIEVED OF BURDEN SUPPLYING OIL TO EE COUNTRIES AND WOULD PREFER TO HAVE THESE COUNTRIES OBTAIN SUBSTANTIAL PORTION OF THEIR OIL REQUIREMENTS FROM MIDDLE EAST. IN THIS SITUATION, THREE-WAY DEAL INVOLVING SOVIET EQUIPMENT DELIVERIES TO IRAQ IN EXCHANGE FOR OIL DELIVERED FROM IRAQ TO EE CEMA COUNTRIES, WITH LATTER REPAYING SOVIETS THROUGH REGULAR CEMA TRADE CHANNELS, DOES NOT SEEM OUT OF LINE.

3. EMBASSY WOULD APPRECIATE COMMENT OR ADDITIONAL INFO FROM ADDRESSEES.
DUBS

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